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SUBJECT: ROK CHURCH FOUNDATION HELPING NORTH KOREANS START  
NEW LIFE IN SOUTH

¶1. (U) SUMMARY: In an effort to provide essential job training and employment for North Korean refugees who have been resettled in South Korea, a local church group formed the "Merry Year Foundation" in 2007. The Foundation is funded by donations from congregation members who generously donated enough funds to start a box-making company from the ground up. A South Korean CEO and several engineers will provide the technical expertise while the 20-50 North Korean employees will provide the low-tech labor. Workers will be compensated above minimum wage in addition to other benefits uncommon in similar South Korean operations. The North Korean employees will also attend regular training sessions to learn how businesses operate with the hope that they can start up their own business in the future with the financial backing of the Foundation. Projects such as this one are rare but important because reports estimate that 18 percent of North Korean defectors in the ROK are unemployed; a rate five times greater than the South Korean unemployment rate. End Summary.

¶2. (U) The God's Will Soong Eui Church was founded in 2001 by Pastor Kim Dong-ho on the principle that wealth should be used to help those in need. Two years after its founding the church started a micro-credit program designed to provide financing for poor South Koreans who showed potential for running a business. In the five years since the program's inception, the church has provided financing to 48 individuals who opened 20 businesses. Although some of the businesses have since failed and closed their doors, Pastor Kim Bum-suk said that about two-thirds have succeeded. A group of twelve credit recipients each received approximately USD 60,000 and opened a Korean-style fast food chain that has seen strong success. Each of the recipients was able to repay the principal of their loan plus the two percent interest associated with the loan. (Note: The church subsequently returns the interest payment to the business owner as a bonus for successfully paying off the principal amount. End Note.)

¶3. (U) Building on their success in the micro-credit field, the church decided in 2005 to expand their efforts to encompass North Korean refugees who have been resettled to South Korea. Operating originally under the name "Council Preparing for Unification," the church launched its North Korean refugee support program with an investment of approximately USD 14 million in donations from 5000 congregation members. In August 2007, the church established the "Merry Year Foundation" to independently manage both micro-credit programs and North Korean resettlement assistance programs, originally run directly under the

church. The new organization also purposely dropped the reference to "unification" given the public sensitivities to the term.

14. (U) With the large cash donation in hand, the Merry Year Foundation opened its own office and appointed staff from within the ministry to being operations. Pastor Kim Bum-suk from the church's education ministry was appointed as Director General of Merry Year. DG Kim was also previously involved in the micro-credit programs. Merry Year's goal was to find ways to assist North Korean refugees who faced many challenges in South Korea, especially in finding stable employment and integrating into South Korean society. Merry Year drafted a plan to build a business from the ground up that would employ North Koreans while also teaching valuable business and work-ethic skills. Those North Koreans who exhibited solid work habits and business savvy would then become eligible for micro-credit funding to start their own business using the same model the church had used for poor South Koreans.

#### STARTING FROM SCRATCH

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15. (U) Merry Year hired an experienced CEO to start and run the business operations of a small box manufacturing company to be located in Paju, near the DMZ north of Seoul. Merry Year also hired ten other South Korean engineers with factory experience who will maintain equipment and keep the operation running. The 20 North Korean employees who were recently selected to work at the factory will initially only provide the manual labor associated with the box-making process with additional responsibilities added in the future.

16. (U) In addition to building a business from the ground up, DG Kim said that he also needed to provide the North Korean employees with extensive education and training before they would be ready to take on full-time employment in a typical South Korean workplace. Kim said the North Koreans typically do not understand the concept of overtime work. They often call in sick and show up late, lack concern for productivity and quality, and exhibit a general lack of honesty in their dealings with others, he said. Kim said that there is also a propensity for physical altercations among North Korean refugees that often erupt over "trivial" matters. These were all unique challenges that Merry Year would need to address in order to keep the box company operating and to achieve the broader goal of helping the North Koreans graduate beyond the manual labor tasks associated with box making.

#### MAN CANNOT LIVE ON TOOTHPASTE ALONE

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17. (U) Despite this long list of challenges, Kim said that the North Koreans were genuinely interested in making a living and saw the job at the box factory as an important opportunity to help secure their future. According to Kim, it took an average of two years after arriving in South Korea before the North Korean refugees came to the realization that they would need to find a permanent job to provide for their needs. Many North Koreans were able to get by using subsidies from the government but recent cut-backs and changes in the nature of the subsidies have begun to change the way North Koreans think about employment. (Note: The Korean government now provides financial support for six months plus a USD 15,000 stipend to North Koreans who have maintained steady employment for a three-year period. In the past, all North Koreans received financial support for an entire year with no consideration of their employment status.

End Note.) North Korean refugee groups were often recipients of donations (both cash and goods) from various church and civic groups within South Korea. Kim described the goods donated by these groups as only basic hygiene and household items and generally lacking in food and nutritional goods. Indicative of the aid provided by these groups, Kim said that the North Koreans have begged Kim and other donors to not give any more toothpaste as they typically already had

dozens of tubes from previous donations.

MERRY OUTLOOK FOR MERRY YEAR?  
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¶18. (U) Director General Kim said that he expected it to take at least a year and a half for the North Korean employees to learn financial independence as well as the workplace skills necessary to transfer to a typical South Korean business environment. In addition to the structured work environment at the box factory, scheduled to begin operations later this month, Merry Year will also provide training sessions to teach other basic business principles on a regular basis. In addition to the 20 employees already slated to work at the factory, Kim said they will plan to hire another 20 next month with capacity for another ten at a future date. According to Kim, the box factory will be self-supporting as it is expected to earn about USD 3 million in revenues in the first year. The CEO has already secured contracts to provide a variety of packaging boxes for a number of companies including the Seoul Milk Company.

¶19. (U) The employees will receive a salary equivalent to approximately USD 1200 per month, well above the minimum wage of USD 900. With additional incentives linked to production, salaries could reach up to USD 2000 per month; more than double the required minimum. Employees will also be provided with a free lunch at the factory as well as free transportation to and from work on a shuttle bus that will depart from their home neighborhood. Kim said that he expected word of mouth about the lucrative package of compensation and benefits to increase interest among North Koreans for future job openings. In the first round of hiring, 82 candidates showed up for the initial briefing but only 20 chose to accept a position and begin the training. DG Kim said the sharp drop in interest was expected given that most of the respondents did not know what to expect in their first foray into the job market.

¶10. (U) Outside of Merry Year's efforts, Kim suggested that the ROKG could also do more to support employment initiatives for North Koreans. Even if the ROKG planned to rely mostly on civic groups to provide the job training and employment support activities, Kim said that the government should be doing more to bring the various players together to better coordinate their activities and share ideas. This idea, along with other recommendations, was included in a report that the Merry Year Foundation drafted and submitted to the Ministry of Unification as a way of prompting the ROKG to get more involved. Kim said that one reason the government was not doing more was because of the ever increasing numbers of North Koreans arriving in the South, adding that the ROKG has not been able to build the internal capacity to adequately support these new arrivals in a timely fashion.

VERSHBOW